

**FISCAL NOTE**  
**SB 2542 - HB 2943**

February 21, 2002

**SUMMARY OF BILL:** Requires a local education agency (LEA) to reimburse a state college or university the cost of providing remedial courses to such students who enroll in that college within 12 months of their high school graduation.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenues - Exceeds \$2,500,000**

**Increase Local Govt. Expenditures\* - Exceeds \$2,500,000**

Estimate assumes:

- The increase in local government expenditures is equal to the increase in revenues to state colleges and universities.
- The funds reimbursed by the LEAs would be operating funds in addition to the regular appropriation.
- Additional funds flowing to the colleges and universities would be local funding and not funds generated by the BEP formula.
- Fall 2001, there were 16,487 remedial course credit hours or 1100 FTE generated by first time freshmen, 18 years of age or younger (which generally translates to recent high school graduates) at state colleges and universities.
- The state higher education appropriation that is attributable to these credit hours is \$2,530,223. This amount is derived by removing the remedial credit hours for first time freshmen from the funding formula and adjusting the institution's FTE accordingly in the formula.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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